

4

WANGER JONES HELSLEY PC
Riley C. Walter #91839
Steven K. Vote #309152
265 E. River Park Circle, Suite 310
Fresno, California 93720
Telephone: (559) 233-4800
Facsimile: (559) 233-9330
Email: rwalter@wjhattorneys.com
svote@wjhattorneys.com

Attorneys for Tulare Local Healthcare District

IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
FRESNO DIVISION

In re	CASE NO. 17-13797
TULARE LOCAL HEALTHCARE DISTRICT, dba TULARE REGIONAL MEDICAL CENTER,	Chapter 9
Debtor.	DC No.: WJH-6
Tax ID #: 94-6002897	Date: August 29, 2019
Address: 869 N. Cherry Street	Time: 9:30 a.m.
Tulare, CA 93274	Place: 2500 Tulare Street
	Fresno, CA 93721
	Courtroom 13
	Judge: Honorable René Lastreto II

MOTION FOR AUTHORITY TO BORROW AND GIVE SECURITY AND TO PROVIDE ADEQUATE PROTECTION (INSURANCE PREMIUM FINANCE AGREEMENT)

TO THE HONORABLE JUDGE OF THE UNITED STATES BANKRUPTCY COURT:

Tulare Local Healthcare District, dba Tulare Regional Medical Center (“Debtor” or “TRMC”) hereby files this Motion for Authority to Borrow and Give Security and to Provide Adequate Protection (“Motion”) which seeks an order pursuant to 11 U.S.C. §§ 362, 364, and 901, as complimented by FRBP 4001(c), 4001(d), and 6006, authorizing TRMC to enter into a Commercial Premium Finance Agreement (“Agreement”) with FIRST Insurance Funding (“FIRST”) by which

1 TRMC would borrow funds to be used to finance insurance premiums as more fully described below,
2 and to give security and provide adequate protection.

3 This Motion is based on the Notice of Motion, Motion, the Declaration of Sandra Ormonde
4 and exhibits thereto, the files, pleadings and orders on file in this Chapter 9 case, and such other and
5 further evidence as made properly before the Court.

6 TRMC respectfully requests that this Court enter an order pursuant to 11 U.S.C. §§ 362, 364
7 and 901, as complimented by FRBP 4001(c), 4001(d), and 6006, authorizing TRMC to enter into the
8 Agreement with FIRST and to perform all obligations thereunder, and to provide adequate protection
9 as follows:

- 10 1. This case was filed as a Chapter 9 case on September 30, 2017 (“Petition Date”).
- 11 2. TRMC is a California healthcare district located in Western Tulare County.
- 12 3. TRMC is in the business of owning a hospital and other facilities. The hospital is
13 leased to a third party.
- 14 4. As part of its operations, TRMC is required to maintain adequate insurance coverage.
15 Without such coverages TRMC would be forced to cease operations.
- 16 5. Accordingly, TRMC seeks to finance insurance premiums by which certain property
17 and casualty coverages are provided (“the Policies”).
- 18 6. The Policies are essential to TRMC’s business operations.
- 19 7. As of the date of this Motion the annual premiums for August 1, 2019 to July 30, 2020
20 required under the Policies are \$237,400. Of this sum TRMC is prepared to pay \$59,350 which it has
21 the cash to do.
- 22 8. This leaves \$178,050 in premiums required under the Policies.
- 23 9. In order to secure payment of the remaining premium amounts required, TRMC is
24 prepared to enter into and execute the Agreement with FIRST. A true and correct copy of the
25 Agreement is attached to the Declaration of Sandra Ormonde as Exhibit A.
- 26 10. The basic terms of the Agreement are as follows:
27 A. Lender – FIRST Insurance Funding.
28

1 B. Total Premiums, Taxes and Fees - \$237,400;

2 C. Down Payment - \$59,350;

3 D. Loan amount –\$178,050;

4 E. Interest Details –

5 i. Annual Percentage Rate – 6.250%

6 ii. Total interest paid - Approximately \$4,668.81;

7 F. Term of loan – 12 monthly payments;

8 G. Installment Details –

9 i. \$20,302.09 each;

10 ii. Due on the first of the month;

11 iii. Beginning on August 1, 2019;

12 H. Use of funds – The funds from the loan will be used for insurance premiums on
13 the Policies;

14 I. Security – A first priority security interest in the Policies and any additional
15 premiums required under the Policies, including all return premiums, dividend payments, and loss
16 payments which reduce unearned premium.

17 J. Attorney-In-Fact – FIRST is appointed as attorney-in-fact with irrevocable
18 power to cancel the Policies in the event of default under the Agreement.

19 11. As shown by the Declaration of Sandra Ormonde filed concurrently, the cash down
20 payments of \$59,350 on this loan will be made from cash on hand.

21 12. Additionally, TRMC and FIRST have agreed that TRMC shall provide FIRST with
22 adequate protection as follows (“Adequate Protection”):

23 A. TRMC is authorized and directed to make timely payments due under the
24 Agreement and FIRST is authorized to receive and apply such payments to the amounts owed by
25 TRMC to FIRST under the Agreement.

26 B. If TRMC fails to make any of the payments due under the Agreement as they
27 become due the automatic stay shall automatically lift to enable FIRST and/or third parties, including
28

1 insurance companies providing the coverage under the Policies, to take all necessary and appropriate
2 actions to cancel the Policies, collect the collateral, and apply such collateral to the indebtedness owed
3 to FIRST by TRMC under the Agreement. In exercising such rights, FIRST and/or third parties shall
4 comply with the notice and other relevant provisions of the Agreement.

5 13. The terms of the Agreement and the Adequate Protection are commercially fair and
6 reasonable in light of the circumstances including the granting of the security interest(s) described
7 above to FIRST because TRMC is required to maintain adequate insurance coverage and without it
8 would be forced to cease operations and because TRMC has been unable to obtain unsecured credit to
9 fund the Policies.

10 14. The relief requested by this Motion is warranted and appropriate under the
11 circumstances. TRMC submits that authorization of the Agreement will ensure that it can continue its
12 necessary operations and will not prejudice the legitimate interests of creditors and other parties in
13 interest.

14 15. TRMC requests waiver of BR 6004(g) relating to the 14 day stay.

15 WHEREFORE, the Debtor prays for an order:

- 16 a) Authorizing the Debtor to borrow up to \$178,050 from FIRST and to grant the security
17 interests in favor of FIRST described in the Motion;
18 b) Authorizing the Debtor to provide the Adequate Protection described in the Motion;
19 and
20 c) For such other and further relief as is just and proper.

21 Dated: July 16, 2019

WANGER JONES HELSLEY, P.C.

22
23 By:



24 Riley C. Walter,
25 Attorneys for Debtor, Tulare Local Healthcare
26 District, dba Tulare Regional Medical Center
27
28